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E-FILED ON JULY_____, 2006

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UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA

21 In re:
 22 USA COMMERCIAL MORTGAGE COMPANY,
 23 Debtor.

Case Nos. BK-S-06-10725 LBR
 Case Nos. BK-S-06-10726 LBR
 Case Nos. BK-S-06-10727 LBR
 Case Nos. BK-S-06-10728 LBR
 Case Nos. BK-S-06-10729 LBR

24 In re:
 25 USA CAPITAL REALTY ADVISORS, LLC,
 26 Debtor.

Chapter 11

27 In re:
 28 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 Debtor.

Jointly Administered Under
 Case No. BK-S-06-10725 LBR

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

APPLICATION BY DEBTOR AND
 DEBTOR-IN-POSSESSION FOR
 AUTHORIZATION TO RETAIN AND
 EMPLOY DAVID W. HUSTON AS SPECIAL
 CONFLICTS COUNSEL UNDER GENERAL
 RETAINER
 [AFFECTS USA COMMERCIAL
 MORTGAGE COMPANY]

In re:
 USA SECURITIES, LLC,
 Debtor.

Date: N/A
 Time: N/A

Affects:
☐ All Debtors
☒ USA Commercial Mortgage Company
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA Capital First Trust Deed Fund, LLC
☐ USA Securities, LLC

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1 The Application of USA COMMERCIAL MORTGAGE COMPANY ("USACM") to
 2 retain and employ David W. Huston, Esq. as Special Conflicts Counsel in matters under general
 3 retainer represents:

4 1. USACM filed a petition for relief under Chapter 11 of the Bankruptcy Code on
 5 April 13, 2006.

6 2. USACM wishes to employ David W. Huston, Esq. ("Huston") as special counsel
 7 herein in matters where USACM's bankruptcy counsel, Ray, Quinney & Nebeker and Schwartzer
 8 & McPherson Law Firm have a conflict of interest or an appearance of a conflict of interest. In
 9 particular, USACM wishes to employ Huston to bring an interpleader action in which USACM
 10 will be the plaintiff and USA Capital First Trust Deed Fund (the "FTDFund") will be a defendant.
 11 This interpleader action will be brought to determine the ownership of the funds in USACM's
 12 Investor Trust Account which contains approximately \$1.7 million and against which there are
 13 approximately \$3.4 million in claims by persons who either sold or purchased fractional interests
 14 in direct loan investments. USACM makes no claim against these funds. FTDFund has a claim
 15 for approximately \$100,000 against these funds. Bankruptcy counsel for USACM believes that it
 16 would appear to be inappropriate for counsel, who also represents FTDFund in these proceedings,
 17 to represent either USACM or FTDFund in this litigation. Bankruptcy counsel will also ask that
 18 FTDFund be represented in this litigation by counsel for the Official Committee of Equity
 19 Security Interest Holders of FTDFund.

20 3. USACM has selected Huston for the reason that he has considerable experience in
 21 matters of the character for which he will be retained, and believes Huston is well qualified to
 22 represent it in this proceeding.

23 4. USACM desires to employ Huston as its counsel at the expense of the estate to
 24 advise USACM only in matters where USACM's bankruptcy counsel, Ray, Quinney & Nebeker
 25 and Schwartzer & McPherson Law Firm have a conflict of interest or an appearance of a conflict
 26 of interest such as in the interpleader action discussed above.

27 5. USACM proposes to retain Huston on the following basis: Huston will, pursuant to
 28 Bankruptcy Code Sections 330 and 331, petition the Court for an allowance of fees and will accept

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1 such other fees as may be awarded by the Court. Huston expects that its compensation will be
 2 based upon a combination of factors, including without limitation, experience of counsel, time
 3 expended, results achieved, difficulty of matters undertaken billed at the rate of \$300.00 for
 4 Huston. Huston will not seek to raise his hourly rate for a minimum of six (6) months after the
 5 date of the entry of the order approving its employment. Huston reserves the right to seek an
 6 increase in hourly rates in accord with the U.S. Trustee's Guideline on this matter.

7 6. Huston has no connections with parties in interest in this case and USACM does
 8 not believe Huston represents any interest which would be adverse to it or the bankruptcy estate,
 9 and his employment would be in the best interests of the estate. This application is accompanied
 10 by the Declaration of Huston and it sets forth Huston's connections with USACM, creditors, and
 11 other parties in interest, their respective attorneys and accountants, the United States Trustee, or
 12 any person employed in the office of the United States Trustee. In addition to the names of all
 13 Defendants hereinabove set forth, Exhibit A of the Declaration of Huston sets forth names
 14 reviewed to identify any connection or relationship.

15 7. Huston has received no retainer.

16 Wherefore, USACM prays for an Order of this Court authorizing it to retain and employ
 17 David W. Huston, Esq. as Special Conflicts Counsel herein under a general retainer, with the
 18 payment of fees subject to continuing review and approval of this Court, and that it have such
 19 other and further relief as is just.

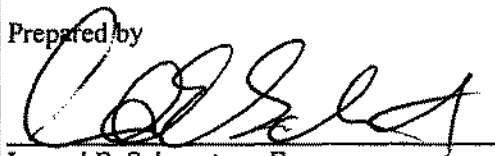
20 DATED: June ____, 2006

USA COMMERCIAL MORTGAGE COMPANY

21
22 By 

Thomas J. Allison
 Chief Restructuring Officer

23
24 Prepared by

25 

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